

Senate Engrossed House Bill

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
Second Regular Session  
2006

CHAPTER 142

## **HOUSE BILL 2754**

AN ACT

AMENDING SECTIONS 32-2402, 32-2404, 32-2602, 32-2606 AND 32-2636, ARIZONA REVISED STATUTES; AMENDING TITLE 32, CHAPTER 24, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-2413; AMENDING TITLE 32, CHAPTER 26, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 32-2610; RELATING TO PRIVATE INVESTIGATORS AND SECURITY GUARDS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 32-2402, Arizona Revised Statutes, is amended to  
3 read:

4 32-2402. Administration by director; duty to keep records;  
5 rules; criminal history records checks

6 A. The director of the department of public safety shall administer  
7 this chapter.

8 B. The department shall keep a record of:

9 1. All applications for licenses or registrations under this chapter.

10 2. All bonds and proof of workers' compensation required to be filed.

11 3. ~~A statement as to~~ Whether a license, registration certificate,  
12 renewal license or renewal registration certificate has been issued under  
13 each application and bond.

14 4. If a license or registration certificate is revoked, suspended,  
15 cancelled or denied or if a licensee or registrant is placed on probation,  
16 the date of filing the order for revocation, suspension, cancellation, denial  
17 or probation.

18 5. All individuals, firms, partnerships, associations or corporations  
19 that have had a license or registration revoked, suspended or cancelled or  
20 that have been placed on probation and a written record of complaints filed  
21 against licensees and registrants.

22 C. The department shall maintain all records kept pursuant to  
23 subsection B OF THIS SECTION for at least five years. The records, except  
24 the financial statement of licensees, are open to inspection as public  
25 records.

26 D. The director shall adopt and enforce rules that are not in conflict  
27 with the laws of this state and that are necessary to enforce this chapter.

28 E. THE DIRECTOR MAY CONDUCT PERIODIC CRIMINAL HISTORY RECORDS CHECKS  
29 PURSUANT TO SECTION 41-1750 FOR THE PURPOSE OF UPDATING THE LICENSING AND  
30 REGISTRATION STATUS OF CURRENT LICENSE AND REGISTRATION HOLDERS.

31 Sec. 2. Section 32-2404, Arizona Revised Statutes, is amended to read:

32 32-2404. Private investigator and security guard hearing board;  
33 qualifications; appointments; terms; compensation;  
34 immunity

35 A. The private investigator and security guard hearing board is  
36 established consisting of ~~five~~ SEVEN members and an alternate member who are  
37 appointed by the director.

38 B. Each member of the board shall be a citizen of the United States  
39 and a resident of this state at the time of appointment. ~~One member~~ TWO  
40 MEMBERS shall be ~~a~~ qualifying party PARTIES who ~~is~~ ARE licensed as provided  
41 in this chapter. ~~One member~~ TWO MEMBERS shall be ~~a~~ qualifying party PARTIES  
42 who ~~is~~ ARE licensed as provided in chapter 26 of this title. Two members  
43 shall be certified peace officers with a rank of at least lieutenant who are  
44 not employees of the department. One member shall be a public member who  
45 shall not have a financial interest in a private investigation or security

1 guard agency and shall not have an immediate family member or a household  
2 member who is licensed or registered under this chapter or chapter 26 of this  
3 title or who is a certified peace officer. The alternate member shall be a  
4 public member who does not have a financial interest in a private  
5 investigation or security guard agency and does not have an immediate family  
6 member or a household member who is licensed or registered under this chapter  
7 or chapter 26 of this title or who is a certified peace officer.

8 C. Each member of the board shall serve for a staggered term of five  
9 years beginning and ending on the third Monday in January. The alternate  
10 member shall serve a five year term beginning and ending on the third Monday  
11 in January. A member, including the alternate member, shall not serve more  
12 than one term, except that a member appointed to fill a vacancy may be  
13 reappointed for one full term. IF A QUALIFIED REPLACEMENT HAS NOT BEEN FOUND  
14 BY THE END OF THE MEMBER'S TERM, THE DIRECTOR MAY EXTEND THE MEMBER'S TERM  
15 FOR NO MORE THAN SIX MONTHS OR UNTIL A REPLACEMENT IS FOUND, WHICHEVER OCCURS  
16 FIRST.

17 D. The director shall fill a vacancy on the board occurring other than  
18 by the expiration of term by appointment of a member for the unexpired term  
19 as provided in subsection C of this section. The director, after a hearing,  
20 may remove any member of the board for misconduct, incompetency or neglect of  
21 duty.

22 E. Members of the board, including the alternate member, are eligible  
23 to receive compensation pursuant to section 38-611 for each day actually and  
24 necessarily spent in the performance of their duties.

25 F. Members of the board, including the alternate member, are  
26 personally immune from suit with respect to all acts done and actions taken  
27 in good faith and in furtherance of the purposes of this chapter.

28 Sec. 3. Title 32, chapter 24, article 1, Arizona Revised Statutes, is  
29 amended by adding section 32-2413, to read:

30 32-2413. Reciprocal agreements

31 A. THE DEPARTMENT MAY ENTER INTO A RECIPROCAL AGREEMENT WITH A STATE  
32 THAT HAS PRIVATE INVESTIGATOR QUALIFICATION LAWS SUBSTANTIALLY SIMILAR TO  
33 THIS CHAPTER TO ALLOW A PRIVATE INVESTIGATOR LICENSE OR REGISTRATION TO BE  
34 USED BY THE LICENSEE OR REGISTRANT WITHIN THE JURISDICTION OF EITHER THIS  
35 STATE OR THE OTHER STATE. THE DEPARTMENT MAY ENTER INTO THE AGREEMENT IF THE  
36 ISSUING AUTHORITY FOR THE OTHER STATE MEETS ALL OF THE FOLLOWING CONDITIONS:

37 1. ISSUES A PRIVATE INVESTIGATOR IDENTIFICATION CARD WITH AN  
38 EXPIRATION DATE PRINTED ON THE CARD.

39 2. IS AVAILABLE TO VERIFY THE LICENSE OR REGISTRATION STATUS FOR LAW  
40 ENFORCEMENT PURPOSES WITHIN THREE BUSINESS DAYS AFTER A REQUEST FOR  
41 VERIFICATION.

42 3. HAS DISQUALIFICATION, SUSPENSION AND REVOCATION REQUIREMENTS FOR  
43 LICENSES AND REGISTRATIONS.

1           4. REQUIRES THAT THE APPLICANT FOR A LICENSE OR REGISTRATION SUBMIT TO  
2 A CRIMINAL HISTORY RECORDS CHECK PURSUANT TO SECTION 41-1750 AND APPLICABLE  
3 FEDERAL LAW.

4           B. THE RECIPROCAL AGREEMENT SHALL BE LIMITED AND IS INTENDED ONLY TO  
5 ALLOW PRIVATE INVESTIGATORS TO CONTINUE INVESTIGATIONS THAT ORIGINATE IN THE  
6 INVESTIGATOR'S HOME STATE AND THAT REQUIRE INVESTIGATION IN ANOTHER  
7 STATE. THE RECIPROCAL AGREEMENT SHALL INCLUDE THE FOLLOWING PROVISIONS:

8           1. THE PRIVATE INVESTIGATOR SHALL POSSESS A PRIVATE INVESTIGATOR  
9 LICENSE OR REGISTRATION IN GOOD STANDING.

10          2. THE PRIVATE INVESTIGATOR SHALL SPEND NO MORE THAN THIRTY DAYS PER  
11 CASE WHILE CONDUCTING AN INVESTIGATION IN THIS STATE.

12          3. THE PRIVATE INVESTIGATOR SHALL PROVIDE WRITTEN NOTIFICATION TO THE  
13 DEPARTMENT DESCRIBING THE CASE AND THE DATES TO BE WORKED IN THIS STATE ON  
14 THE CASE.

15          4. THE PRIVATE INVESTIGATOR SHALL NOT SOLICIT ANY BUSINESS WHILE IN  
16 THIS STATE.

17          Sec. 4. Section 32-2602, Arizona Revised Statutes, is amended to read:

18          32-2602. Administration by director; duty to keep records;

19                 rules; criminal history records checks

20          A. The director of the department of public safety shall administer  
21 this chapter.

22          B. The department shall keep a record of:

23           1. All applications for licenses or registration under this chapter.

24           2. Whether a license, registration certificate, renewal license or  
25 renewal registration certificate has been issued under each application.

26           3. If a license or registration certificate is revoked or suspended,  
27 the date of filing the order for revocation or suspension.

28           4. A list of all individuals, qualifying parties, firms, partnerships,  
29 associations or corporations that have had licenses or registrations revoked  
30 or suspended and a written record of complaints filed against any licensees  
31 or registrants.

32           5. All insurance policies required to be filed under this chapter.

33          C. The department shall maintain all records kept pursuant to  
34 subsection B OF THIS SECTION for at least five years. The records, except the  
35 financial statement of licensees, are open to inspection as public records.

36          D. The department shall adopt and enforce rules that are not in  
37 conflict with the laws of this state and that are necessary to enforce this  
38 chapter.

39          E. THE DIRECTOR MAY CONDUCT PERIODIC CRIMINAL HISTORY RECORDS CHECKS  
40 PURSUANT TO SECTION 41-1750 FOR THE PURPOSE OF UPDATING THE LICENSING AND  
41 REGISTRATION STATUS OF CURRENT LICENSE AND REGISTRATION HOLDERS.

42          Sec. 5. Section 32-2606, Arizona Revised Statutes, is amended to read:

43          32-2606. Exceptions

44          This chapter does not apply to:

1        1. An officer or employee of the federal government, this state or a  
2 political subdivision of this state while the officer or employee is  
3 performing official duties.

4        2. An individual who performs security related work at:

5            (a) A commercial nuclear generating station that is subject to federal  
6 regulatory requirements.

7            (b) A company that is subject to department of defense regulatory  
8 requirements.

9        3. A company that employs security guards solely for use of and  
10 service to itself and not for others and that complies with the following  
11 requirements:

12            (a) If the company's security guards are armed, each guard must  
13 complete sixteen hours of firearms training initially and complete an  
14 additional eight hours of refresher training each year thereafter.

15            (b) If the security guard wears a uniform or badge, the uniform or  
16 badge must strictly conform to the standards established by the department  
17 pursuant to this chapter.

18            (c) The company must annually submit an affidavit to the department  
19 that attests to the company's compliance with its internal procedures that  
20 require a background investigation for each of its security guards.

21        4. THE ARIZONA RANGERS ORGANIZATION AS IDENTIFIED IN SECTION 41-4201,  
22 OR AUTHORIZED PERSONS PERFORMING OFFICIAL ARIZONA RANGER DUTIES WHEN IN THE  
23 SERVICE OF A NONPROFIT ORGANIZATION RECOGNIZED UNDER SECTION 501(c)(3) OF THE  
24 INTERNAL REVENUE CODE.

25        Sec. 6. Title 32, chapter 26, article 1, Arizona Revised Statutes, is  
26 amended by adding section 32-2610, to read:

27        32-2610. Reciprocal agreements; recognition

28        A. THE DEPARTMENT MAY ENTER INTO A RECIPROCAL AGREEMENT WITH A STATE  
29 THAT HAS SECURITY GUARD QUALIFICATION LAWS SUBSTANTIALLY SIMILAR TO THIS  
30 CHAPTER TO ALLOW A SECURITY GUARD REGISTRATION TO BE USED BY THE REGISTRANT  
31 WITHIN THE JURISDICTION OF EITHER THIS STATE OR THE OTHER STATE. THE  
32 DEPARTMENT MAY ENTER INTO THE AGREEMENT IF THE ISSUING AUTHORITY FOR THE  
33 OTHER STATE MEETS ALL OF THE FOLLOWING CONDITIONS:

34            1. ISSUES A SECURITY GUARD IDENTIFICATION CARD WITH AN EXPIRATION DATE  
35 PRINTED ON THE CARD.

36            2. IS AVAILABLE TO VERIFY THE REGISTRATION STATUS FOR LAW ENFORCEMENT  
37 PURPOSES WITHIN THREE BUSINESS DAYS AFTER A REQUEST FOR VERIFICATION.

38            3. HAS DISQUALIFICATION, SUSPENSION AND REVOCATION REQUIREMENTS FOR  
39 REGISTRATIONS.

40            4. REQUIRES THAT THE APPLICANT FOR A REGISTRATION SUBMIT TO A CRIMINAL  
41 HISTORY RECORDS CHECK PURSUANT TO SECTION 41-1750 AND APPLICABLE FEDERAL LAW.

42        B. THE DEPARTMENT MAY RECOGNIZE SECURITY GUARD REGISTRATIONS FROM  
43 STATES THAT HAVE SECURITY GUARD QUALIFICATION LAWS SUBSTANTIALLY SIMILAR TO  
44 THIS CHAPTER IF THE ISSUING AUTHORITY FOR THE OTHER STATE MEETS ALL OF THE

1 CONDITIONS PRESCRIBED IN SUBSECTION A, PARAGRAPHS 1 THROUGH 4 OF THIS  
2 SECTION.

3 C. THE RECIPROCAL AGREEMENT OR RECOGNITION SHALL BE LIMITED AND IS  
4 INTENDED ONLY TO ALLOW SECURITY GUARD AGENCIES THAT MAINTAIN BUSINESS  
5 OPERATIONS IN MULTIPLE STATES TO USE THEIR SECURITY GUARDS TO MEET TEMPORARY  
6 DEMANDS. FOR A SECURITY GUARD FROM ANOTHER STATE TO WORK IN THIS STATE, THE  
7 DEPARTMENT SHALL SET APPROPRIATE RESTRICTIONS THAT SHALL INCLUDE THE  
8 FOLLOWING PROVISIONS:

9 1. THE SECURITY GUARD SHALL POSSESS A SECURITY GUARD REGISTRATION IN  
10 GOOD STANDING FROM ANOTHER STATE.

11 2. THE SECURITY GUARD SHALL BE EMPLOYED BY A SECURITY GUARD AGENCY  
12 LICENSED IN THIS STATE THAT POSSESSES A SECURITY GUARD AGENCY LICENSE IN BOTH  
13 STATES IN GOOD STANDING.

14 3. THE SECURITY GUARD SHALL WORK NO MORE THAN THIRTY DAYS IN A  
15 CALENDAR YEAR IN THIS STATE.

16 4. THE SECURITY GUARD AGENCY SHALL PROVIDE WRITTEN NOTIFICATION TO THE  
17 DEPARTMENT ON A FORM PROVIDED BY THE DEPARTMENT.

18 5. SECURITY GUARDS WHO POSSESS ONLY A TEMPORARY OR PROVISIONAL  
19 REGISTRATION SHALL NOT BE PERMITTED TO WORK IN THIS STATE.

20 Sec. 7. Section 32-2636, Arizona Revised Statutes, is amended to read:

21 32-2636. Grounds for disciplinary action; emergency summary  
22 suspension; judicial review

23 A. The following constitute grounds for disciplinary action against a  
24 licensee or registrant, or if the licensee is other than an individual,  
25 against its qualifying party or any of its associates, directors or managers:

26 1. Using any letterhead, advertisement or other printed matter to  
27 represent, or in any other manner representing, that the licensee,  
28 registrant, qualifying party or associate, director or manager is an  
29 instrumentality of the federal government or any state or political  
30 subdivision of a state.

31 2. Using a name that is different from that under which the licensee,  
32 registrant, qualifying party or associate, director or manager is currently  
33 licensed or registered for any advertisement, solicitation or contract to  
34 secure business under this chapter unless the name is an authorized  
35 fictitious name.

36 3. Falsifying fingerprints, photographs or other documents while  
37 operating pursuant to this chapter.

38 4. Impersonating, or permitting or aiding and abetting an employee to  
39 impersonate, a law enforcement officer or employee of the United States or  
40 any state or political subdivision of a state.

41 5. Knowingly violating, or advising, encouraging or assisting in the  
42 violation of, any statute, court order, warrant or injunction in the course  
43 of business as a licensee or registrant under this chapter.

44 6. Committing or knowingly permitting any employee to commit any  
45 violation of this chapter or rules adopted pursuant to this chapter.

- 1           7. Committing an act of misconduct involving a weapon pursuant to  
2 section 13-3102.
- 3           8. Conviction of a felony.
- 4           9. Conviction of any act of personal violence or force against any  
5 person or conviction of threatening to commit any act of personal violence or  
6 force against any person.
- 7           10. Fraud or wilful misrepresentation in applying for an original  
8 license or registration or the renewal of an existing license or  
9 registration.
- 10          11. Soliciting business for an attorney in return for compensation.
- 11          12. Conviction of any act constituting fraud.
- 12          13. Being on parole, on community supervision, on work furlough, on  
13 home arrest, on release on any other basis or named in an outstanding arrest  
14 warrant.
- 15          14. Serving a term of probation pursuant to a conviction for any act of  
16 personal violence or domestic violence as defined in section 13-3601 or an  
17 offense that has the same elements as a domestic violence offense listed in  
18 section 13-3601, subsection A.
- 19          15. Wilfully failing or refusing to render client services or a report  
20 as agreed between the parties and for which compensation has been paid or  
21 tendered pursuant to the agreement of the parties.
- 22          16. The unauthorized release of information acquired on behalf of a  
23 client by a licensee, associate or registrant as a result of activities  
24 regulated under this chapter.
- 25          17. Failing or refusing to cooperate with or refusing access to an  
26 authorized representative of the department engaged in an official  
27 investigation pursuant to this chapter.
- 28          18. Employing or contracting with any unregistered or improperly  
29 registered person or unlicensed or improperly licensed person or agency to  
30 conduct activities regulated under this chapter if the licensure or  
31 registration status was known or could have been ascertained by reasonable  
32 inquiry.
- 33          19. Permitting, authorizing, aiding or in any way assisting a  
34 registered employee to conduct services as described in this chapter on an  
35 independent contractor basis and not under the authority of the licensed  
36 agency.
- 37          20. Failing to maintain in full force and effect workers' compensation  
38 insurance, if applicable.
- 39          21. Conducting security guard services regulated by this chapter on an  
40 expired, revoked or suspended license or registration.
- 41          22. Accepting employment, contracting or in any way engaging in  
42 employment that has an adverse impact on security guard services being  
43 conducted on behalf of clients.
- 44          23. Advertising in a false, deceptive or misleading manner.

1       24. Failing to display on request the identification card issued by the  
2 department pursuant to section 32-2624.

3       25. Committing any act of unprofessional conduct.

4       26. BEING ARRESTED FOR ANY OFFENSE LISTED IN THIS CHAPTER THAT WOULD  
5 DISQUALIFY THE LICENSEE, REGISTRANT, QUALIFYING PARTY OR ANY OF ITS  
6 ASSOCIATES, DIRECTORS OR MANAGERS FROM OBTAINING A LICENSE OR REGISTRATION.

7       B. An officer, director, associate, partner, qualifying party,  
8 employee or manager of the holder of an agency license issued pursuant to  
9 this chapter who is found in violation of this chapter shall be denied the  
10 privilege of operating under such a license. The remaining officers,  
11 directors, associates, partners, employees or managers of such licensee who  
12 are innocent of such violations may carry on the business.

13       C. Any person aggrieved by a decision of the director may request a  
14 hearing pursuant to title 41, chapter 6, article 10. Except as provided in  
15 section 41-1092.08, subsection H, final decisions of the director are subject  
16 to judicial review pursuant to title 12, chapter 7, article 6.

17       D. On completion of an investigation, the director:

- 18       1. May dismiss the case.  
19       2. May take emergency action.  
20       3. May issue a letter of concern, if applicable.  
21       4. May forward the findings to the board for review and possible  
22 disciplinary action.

23       5. Shall place all records, evidence, findings and conclusions and any  
24 other information pertinent to the investigation in the public records  
25 section of the file maintained at the department.

26       6. SHALL SUSPEND THE LICENSE OR REGISTRATION OF A PERSON WHO IS  
27 ARRESTED FOR AN OFFENSE LISTED IN THIS CHAPTER THAT WOULD DISQUALIFY THE  
28 PERSON FROM OBTAINING A LICENSE OR REGISTRATION.

29       E. A letter of concern is a public document and may be used in future  
30 disciplinary actions against a licensee or registrant.

31       F. If the department finds, based on its investigation, that the  
32 public health, safety or welfare requires emergency action, the director may  
33 order a summary suspension of a license or registration pending proceedings  
34 for revocation or other action. If the director issues this order, the  
35 department shall serve the licensee or registrant with a written notice of  
36 complaint and formal hearing, setting forth the charges made against the  
37 licensee or registrant and the licensee's or registrant's right to a formal  
38 hearing before the board pursuant to title 41, chapter 6, article 10.

39       G. If the department finds, based on its investigation, that a  
40 violation of subsection A of this section occurred, a hearing by the board  
41 may be scheduled pursuant to title 41, chapter 6, article 10. Notice of the  
42 hearing shall be sent by certified mail, return receipt requested, to the  
43 licensee's or registrant's last known address in the department's files.



1           H. Based on information the board receives during a hearing pursuant  
2 to title 41, chapter 6, article 10, it may recommend to the director that the  
3 director:

4           1. Dismiss the complaint if the board believes it is without merit.

5           2. Fix a period and terms of probation best adapted to protect the  
6 public health and safety and to rehabilitate or educate the licensee or  
7 registrant.

8           3. Place the license or registration on suspension for a period of not  
9 more than twelve months.

10          4. Revoke the license or registration.

11          I. The director shall review the records of a finding by the board  
12 involving a disciplinary action and may affirm, reverse, adopt, modify,  
13 supplement, amend or reject the recommendation of the board. On a finding by  
14 the board and review and concurrence by the director that a licensee or  
15 registrant committed a violation of subsection A of this section, the  
16 probation, suspension or revocation applies to all licenses or registrations  
17 held by a licensee or registrant under this chapter.

**APPROVED BY THE GOVERNOR APRIL 17, 2006.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 17, 2006.**